

Message Text

UNCLASSIFIED

PAGE 01 COPENH 02229 060743Z

15

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 IO-10 FEA-01 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

/117 W

----- 094615

R 051530Z AUG 75

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 1320

UNCLAS COPENHAGEN 2229

E.O. 11652: N/A

TAGS: EIND, EFIN, DA

SUBJECT: FOREIGN INVESTMENT CLIMATE

REF: A. STATE 165596 B. COPENHAGEN A-70

MARCH 30, 1973 C. COPENHAGEN 4685 AUG 14, 1971

1. SUMMARY: DENMARK HAS A LIBERAL POLICY ON FOREIGN INVESTMENT. FOREIGN EXCHANGE TRANSACTIONS ARE FULLY LIBERALIZED. INWARD AND OUTWARD DIRECT INVESTMENT IS ADMINISTRATIVELY CNTRILLED BUT PRACTICE IS LIBERAL. RECENT RESTRICTIONS ON NON-RESIDENTS' PORTFOLIO INVESTMENT ARE NOW ABOLISHED. TAXES ARE APPLIED IN A NON-DISCRIMINATORY MANNER. AS A MEMBER OF THE EUROPEAN COMMUNITY, DENMARK WILL EVENTUALLY ADOPT THE EC-REGULATIONS ON FOREIGN INVESTMENT. STATISTICS ON FOREIGN INVESTMENT HAVE NOT BEEN PUBLISHED SINCE 1969 (REF C) AND FOR REASONS CITED REF B, EMBASSY IS STILL UNABLE TO SUPPLY THESE. DANISH BUREAU OF STATISTICS HOPES TO HAVE SOME FIGURES ON FOREIGN INVESTMENT AVAILABLE LATER THIS YEAR. END SUMMARY

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 COPENH 02229 060743Z

2. CURRENT FOREIGN EXCHANGE TRANSACTIONS ARE

FULLY LIBERALIZED, INCLUDING ALL ORDINARY COMMERCIAL TRANSACTIONS, PAYMENTS OF INTEREST AND DIVIDENDS AND LIQUIDATION AND REPATRIATION OF NON-RESIDENT OWNED ASSETS. INWARD AND OUTWARD DIRECT INVESTMENT IS ADMINISTRATIVELY CONTROLLED, BUT PRACTICE IS LIBERAL IN MOST AREAS OTHER THAN FINANCE, REAL ESTATE, AND BUILDING AND CONSTRUCTION, PURCHASE OF REAL PROPERTY BY NON-RESIDENTS IS PERMITTED WHEN CONNECTED WITH DIRECT INVESTMENT. GENERAL RESTRICTIONS APPLY TO THE PURCHASE OF FARMLAND AND RECREATIONAL AREAS. PORTFOLIO INVESTMENT BY NON-RESIDENTS IS NOW FULLY LIBERALIZED. THE RECENT QUOTA ARRANGEMENT RELATING TO NON-RESIDENTS' PURCHASE OF DANISH MORTGAGE BONDS WENT OUT OF EFFECT ON JANUARY 1, 1975. RESIDENTS ARE NOT GENERALLY PERMITTED TO PURCHASE FOREIGN SECURITIES FOR PORTFOLIO INVESTMENT.

3. REGISTRATION REQUIREMENTS APPLY EQUALLY TO DANISH AND FOREIGN COMPANIES, AND, GENERALLY, NO LEGISLATIVE DISTINCTION IS MADE BETWEEN A FOREIGN SUBSIDIARY AND A LOCAL COMPANY. ON JANUARY 1, 1974, TWO NEW COMPANY ACTS WENT INTO FORCE, PRIMARILY DESIGNED TO HARMONIZE DANISH LEGISLATION WITH THAT OF THE EC. GOVERNMENT CONCESSIONS ARE REQUIRED FOR THE EXPLOITATION OF NATURAL RESOURCES.

4. REGIONAL DEVELOPMENT ASSISTANCE IS AVAILABLE TO LOCAL AND FOREIGN COMPANIES ALIKE, IN THE FORM OF INVESTMENT GRANTS AND GOVERNMENT GUARANTEES FOR INVESTMENT CREDIT. THERE ARE IN GENERAL NO INDUSTRIAL SUBSIDIES OTHER THAN SHIPBUILDING CREDITS AT A REDUCED RATE.

5. A 15 PERCENT VALUE-ADDED TAX (VAT) IS CHARGED ON LITERALLY ALL GOODS AND SERVICES, BUT FULLY REFUNDED ON EXPORTS. PERSONAL INCOME TAXES ARE AMONG THE HIGHEST IN EUROPE. THE CORPORATION TAX WAS RECENTLY RAISED FROM 34 PERCENT TO 37 PERCENT, APPLICABLE TO DANISH AS WELL AS FOREIGN COMPANIES. A 30 PERCENT DIVIDEND TAX, UNCLASSIFIED

UNCLASSIFIED

PAGE 03 COPENH 02229 060743Z

WITHHELD BY THE PAYING CORPORATION, IS CREDITED AGAINST FINAL INCOME TAX. AMERICAN INVESTORS, ACCORDING TO THE DANISH-AMERICAN DOUBLE TAXATION AGREEMENT, GET HALF THE DIVIDEND TAX REFUNDED. FOR AMERICAN COMPANIES OWNING A SIGNIFICANT SHARE OF A DANISH COMPANY, THE DIVIDEND TAX IS REDUCED TO 5 PERCENT. TAX DEPRECIATION RULES ARE RELATIVELY LIBERAL. BUILDINGS MAY BE DEPRECIATED BY 6 PERCENT PER ANNUM ON A

STRIAGHT LINE BASIS, AND MACHINERY AND EQUIPMENT
BY 30 PERCENT PER ANNUM ON A DECLINING BALANCE BASIS.
20 PERCENT OF ANNUAL PROFITS MAY BE PLACED IN INVESTMENT
RESERVES.

6. LEGISLATION ON PRICE AND PROFIT CONTROL WAS
ENACTED IN MARCH 1975, DESIGNED TO FREEZE PROFITS
AT MARCH 1975 LEVEL. SIMILAR LEGISLATION HAS BEEN
IN FORCE PERIODICALLY SINCE 1971, BUT HAS NOT
PREVENTED CONTINUED PRICE AND COST RISES. DANISH
LABOR IS 100 PERCENT ORGANIZED AND INDUSTRIAL WAGES ARE
AMONG THE HIGHEST IN EUROPE. HOWEVER, BECAUSE
MOST SOCIAL COSTS ARE FINANCED FROM GENERAL
REVENUE, INDIRECT WAGE COSTS ARE LOWER.
CROWE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT CLIMATE, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975COPENH02229
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750271-0079
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750879/aaaacrib.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 165596, 75 COPENHAGEN A-70
Review Action: RELEASED, APPROVED
Review Authority: hartledg
Review Comment: n/a
Review Content Flags:
Review Date: 13 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 FEB 2003 by ReddocGW>; APPROVED <06 FEB 2004 by hartledg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FOREIGN INVESTMENT CLIMATE
TAGS: EIND, EFIN, EINV, DA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006